

RESOLUTION NO. 08-14

FINAL BOND RESOLUTION OF THE  
CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
RELATING TO THE FINANCING OF FACILITIES FOR  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

May 20, 2008

WHEREAS, the California Infrastructure and Economic Development Bank (the "Bank") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following), as now in effect and as it may be amended or supplemented (the "Act"), for the purpose of, among other things, providing financial assistance for design, construction, financing and development of economic development facilities (as such term is defined in the Act) located in the State of California (the "State"); and

WHEREAS, the California Independent System Operator Corporation (the "Borrower") has requested the Bank to issue revenue bonds in an amount not to exceed \$206,000,000 to finance (i) a portion of the Borrower's costs of acquiring certain additional computer and telecommunication hardware and software systems, and construction planning and site preparation for development of a new headquarters facility, all of which qualify as economic development facilities under the Act (the "Project"), (ii) to refinance the costs of a project (the "2000 Project") initially financed pursuant to a Loan Agreement, dated as of March 1, 2000, between the Bank and the Borrower (the "2000 Loan Agreement"); (iii) to refinance the costs of a project (the "2004 Project") initially financed pursuant to a Loan Agreement, dated as of December 1, 2004, between the Bank and the Borrower (the "2004 Loan Agreement"); (iv) to refinance the costs of a project (the "2007 Project") initially financed pursuant to a Loan Agreement, dated as of April 1, 2007, between the Bank and the Borrower (the "2007 Loan Agreement"); (v) to finance capitalized interest; (vi) to finance a deposit to a reserve account; and (vii) to finance costs of issuance; and

WHEREAS, final approval of the terms of such bonds and certain documents relating to the bonds is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Infrastructure and Economic Development Bank as follows:

Section 1. Based upon the representations of the Borrower, the Bank hereby determines as follows:

- a. The financing and refinancing and loan contemplated by this resolution is for a project and use in the State.
- b. Based upon the requirement that the Bonds (defined below) will be rated in one of the three highest rating categories by Moody's Investor Service, or Standard & Poor's Rating Service, without regard to numerical or other qualifiers, the Borrower is capable of meeting the obligations incurred under the agreements approved by this resolution.
- c. The payments to be made by the Borrower to the Bank under the loan agreement approved herein are adequate to pay the current expenses of the Bank in connection with the financing and to make all the payments on the Bonds.
- d. The proposed financing or refinancing is appropriate for the Project, the 2000 Project, the 2004 Project and the 2007 Project.
- e. The Project, the 2000 Project, the 2004 Project and the 2007 Project are consistent with any existing local or regional comprehensive plan.
- f. The Project, the 2000 Project, the 2004 Project and the 2007 Project demonstrate clear evidence of a defined public benefit.

Section 2. Revenue obligations of the Bank, designated as the “California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (California Independent System Operator Corporation Project) 2008 Series A” (the “Bonds”) in one or more series and in an aggregate principal amount not to exceed \$206,000,000 are authorized to be issued pursuant to the Act.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized and requested to sell the Bonds, at any time and from time to time within one hundred eighty (180) days of receipt of a certified copy of this resolution, at private sale, in such series and such principal amounts, at such prices and at such interest rate or rates as he may determine.

Section 4. The proposed form of Loan Agreement relating to the Bonds (the “Loan Agreement”) between the Bank and the Borrower on file with the Secretary of the Bank (the “Secretary”), is hereby approved, and the Executive Director and the Chair of the Bank, or the Chair’s designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver the Loan Agreement to the Borrower, in substantially said form, with such insertions and changes therein as the officer or official executing the same, with the advice of the Bank’s counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The proposed form of Indenture relating to the Bonds (the “Indenture”) between the Bank and Deutsche Bank National Trust Company (the “Trustee”), on file with the Secretary, is hereby approved, and the Executive Director and the Chair of the Bank, or the Chair’s designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver the Indenture to the Trustee, in substantially said form, with such insertions and changes therein as the officer or official executing



the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The series (and respective principal amounts thereof), dates, maturity date or dates, interest rate or rates and payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption, remarketing agents for and other terms of the Bonds shall be as provided in said Indenture, as finally executed.

Section 6. The proposed form of Bond Purchase Contract relating to the Bonds (the "Bond Purchase Contract") among the Bank, the Treasurer, and Banc of America Securities LLC, as Representative (the "Representative" ) of itself, J.P. Morgan Securities Inc. and RBC Capital Markets, as underwriters (collectively, the "Underwriters"), and approved by the Borrower, on file with the Secretary, is hereby approved, and the Executive Director and the Chair of the Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and deliver to the Representative and the Treasurer the Bond Purchase Contract in substantially said form, with such insertions and changes therein as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The proposed preliminary form of official statement relating to the Bonds (the "Official Statement"), on file with the Secretary, is hereby approved, and the Executive Director and the Chair of the Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute and deliver the Official Statement in final form, with such insertions and changes therein as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby severally authorized to distribute copies of the Official Statement in preliminary form to the

prospective purchasers of the Bonds and the Official Statement in final form to the purchasers of the Bonds.

Section 8. The Executive Director and the Chair of the Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute (by manual or facsimile signature) the Bonds in an aggregate principal amount not to exceed the amount authorized hereunder in accordance with the Indenture and in the form set forth in the Indenture.

Section 9. The Bonds, when executed as provided in Section 8 of this Resolution, shall be delivered to the Trustee for authentication by the Trustee pursuant to the Indenture. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York (the "Depository") on behalf of the purchasers thereof in accordance with written instructions executed on behalf of the Bank by the Executive Director, the Chair, or the Chair's designee, which instructions each signatory, acting singly, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Depository, on behalf of the purchasers thereof, upon payment of the purchase price thereof.

Section 10. The officers and officials of the Bank and their authorized representatives are hereby authorized and directed, acting severally, to do any and all things, and to execute and deliver any and all documents and certificates, including without limitation a tax certificate, letter of representations or similar documents and any documents relating to bond insurance, which they may

deem necessary or advisable to consummate the issuance, sale and delivery of the Bonds, the refunding of the Prior Bonds, and otherwise to effectuate the purpose of this resolution.

Section 11. This resolution shall take effect immediately upon its passage.


PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on May 20, 2008 by the following vote:

AYES: Matteucci, Sheehan, Lujano, Harvey, Rice

NOES: None

ABSENT: None

ABSTAIN: None

  
Stanton C. Hazelroth, Executive Director

Attest:



Roma Cristia-Plant, Secretary